

Data Sheet

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| USAID Mission: | Indonesia |
| Program Title: | Natural Resource Management |
| Pillar: | Economic Growth, Agriculture and Trade |
| Strategic Objective: | 497-012 |
| Proposed FY 2004 Obligation: | \$6,350,000 CSH; \$7,481,000 DA |
| Prior Year Unobligated: | \$0 |
| Proposed FY 2005 Obligation: | \$2,000,000 CSH; \$13,682,000 DA |
| Year of Initial Obligation: | FY 1998 |
| Year of Final Obligation: | FY 2005 |

Summary: Lack of environmental regulation enforcement and rapid degradation of watershed areas has led to mounting problems in water supply, and water quality, and stressed water distribution systems. USAID's integrated Basic Human Services Delivery program will respond to President's Bush's "Water for the Poor" initiative. USAID's assistance will target the local management of Indonesia's forests, protected areas, coastal zones, and mineral resources, which have a direct impact on sustainable watershed management and municipal water supplies. Activities are linked with food and health initiatives to increase access and utilization of key health and environmental services for those who remain unserved or underserved.

Inputs, Outputs, Activities:

FY 2004 Program:

Integrated watershed management (\$5,981,000 DA). Technical experts will work with local communities throughout Indonesia to introduce sound watershed management methodologies that incorporate vital environmental services. Particular emphasis will be placed on conserving forests and biodiversity, especially in National Parks and protected areas. Technical training and assistance to local governments will strengthen their ability to implement and manage watershed policies. Examples include reforestation programs; development of financial incentives for upland watershed communities; promotion of agroforestry in areas where watershed functions are badly degraded; regulation of the impact of mines on water supply and water quality; and resolution of community land tenure and access conflicts. Principal contactors include International Resources Group, local NGO Kemala, and the U.S. Department of the Interior.

Municipal water supply and sanitation (\$6,350,000 CSH). USAID is launching a comprehensive program that will improve access to safe drinking water and sanitation services at the district and city levels. Program activities will include strengthening the capacity of municipal water utilities to operate, maintain, and expand access to safe drinking water to unserved populations. USAID will expand access to sanitation services in the same urban and peri-urban areas. These activities will be linked to financing mechanisms for municipal service delivery by improving local governments' access to domestic private capital. Linkages with the Development Credit Authority and other international donors, including the World Bank, the Japan Bank for International Cooperation, and the Asian Development Bank will be established. In addition, service delivery will be expanded through the introduction of the safe water system (point-of-use treatment of household drinking water) to Indonesia.

Orangutan habitat conservation (\$1,500,000 DA). USAID will support on-going NGO efforts to conserve orangutan habitat in Borneo and Sumatra. Recognizing that most activities to date have targeted orangutan habitat areas in Borneo, particular emphasis will be placed on identifying new areas in Sumatra where conservation efforts could positively impact the survival of viable populations of wild Sumatran orangutans. Principal contractors and grantees are World Education Inc., The Nature Conservancy, and Conservation International.

FY 2005 Program:

Integrated watershed management (\$8,305,000 DA). Technical experts will work with local communities throughout Indonesia to introduce sound watershed management methodologies that incorporate vital environmental services. Particular emphasis will be placed on conserving forests and biodiversity, especially in national parks and protected areas. Technical training and assistance to local governments will strengthen their ability to implement and manage watershed policies. Examples include reforestation programs; development of financial incentives for upland watershed communities; promotion of agroforestry in areas where watershed functions are badly degraded; regulating the impact of mines on water supply and water quality; and resolving community land tenure and access conflicts.

Municipal water supply and sanitation (\$5,377,000 DA; \$2,000,000 CSH). Over 100 local water enterprises have expressed interest in USAID assistance to improve the management and business operations of their water enterprise. As a result, increased emphasis may be placed on bolstering their capabilities to increase cost recovery, improve customer service orientation, foster the development of demand-driven service solutions, and put in place sustainable, innovative financing mechanisms.

Performance and Results: USAID assistance supported the implementation of 73 site-specific co-management plans, which placed nearly six million hectares of coastline and forest under better management and protection.

In West Kutai (Mahakam River Delta watershed), the USAID-supported District Forest Management Plan, covering 1.6 million hectares, is being implemented by the new Advisory Board, which represents government, NGOs, and the private sector. As part of the new Management Plan, the West Kutai district government stopped the issuance of small-scale logging licenses, saving tens of thousands of hectares of primary forest. USAID assisted the West Kutai government's successful application for reforestation funds from the National government. Nearly 4,000 hectares have been replanted this year.

In East Kalimantan, management of the Sungai Wain and Manggar watersheds that together provide over 90% of the freshwater supply for Balikpapan City (population: 500,000) continues to improve. The Balikpapan City Government is now taking an integrated approach to the management of these watersheds, strengthening protection of the Sungai Wain forest and reforestation through USAID-supported agroforestry projects in over 2,000 hectares surrounding the Manggar reservoir. Balikpapan has formed a public-private alliance with Pertamina, the national petroleum company, whose refinery in Balikpapan is dependent upon Sungai Wain for its processing water. Pertamina now transfers funding to the city government for 24-hour patrols of the Sungai Wain forest. Illegal logging and encroachment activities were eradicated and a provincial road that was planned to run along the edge of Sungai Wain was stopped.

US Financing in Thousands of Dollars

Indonesia

| 497-012 Natural Resource Management | CSH | DA | ESF |
|---------------------------------------|-------|---------|-------|
| Through September 30, 2002 | | | |
| Obligations | 0 | 77,057 | 3,000 |
| Expenditures | 0 | 64,980 | 933 |
| Unliquidated | 0 | 12,077 | 2,067 |
| Fiscal Year 2003 | | | |
| Obligations | 0 | 11,966 | 0 |
| Expenditures | 0 | 11,914 | 941 |
| Through September 30, 2003 | | | |
| Obligations | 0 | 89,023 | 3,000 |
| Expenditures | 0 | 76,894 | 1,874 |
| Unliquidated | 0 | 12,129 | 1,126 |
| Prior Year Unobligated Funds | | | |
| Obligations | 0 | 0 | 0 |
| Planned Fiscal Year 2004 NOA | | | |
| Obligations | 6,350 | 7,481 | 0 |
| Total Planned Fiscal Year 2004 | | | |
| Obligations | 6,350 | 7,481 | 0 |
| Proposed Fiscal Year 2005 NOA | | | |
| Obligations | 2,000 | 13,682 | 0 |
| Future Obligations | 0 | 0 | 0 |
| Est. Total Cost | 8,350 | 110,186 | 3,000 |